Indus Towers Limited

Policy for determining Material Subsidiaries

Pursuant to Regulation 16 (1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Preamble, Objective and Scope

The Board of Directors of Indus Towers Limited has, in pursuance of the provisions of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("**Listing Regulations**") and other applicable provisions (including any statutory modification(s) or enactment(s) thereof), adopted this ***Policy*** (as defined below) for laying down a criterion for determining ***Material Subsidiaries*** (as defined below) of the Company. Further, Regulation 24 of the Listing Regulations extends certain principles of corporate governance to Material Subsidiaries of the listed companies.

This Policy is intended to augment and work in conjunction with regulatory provisions and other policies of the Company.

2. Definitions

a) "Act" shall mean the Companies Act, 2013 including the rules made thereunder, as amended from time to time.

b) "Audit & Risk Management Committee" means the committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Act and Regulation 18 and 21 of the Listing Regulations.

c) "Board" or "Board of Directors" means the Board of Directors of the Company.

d) "Company" shall mean Indus Towers Limited (formerly Bharti Infratel Limited).

e) "Control" shall have the same meaning as assigned to it under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.

f) "Independent Director" shall mean an independent director of the Company as per the provisions of the Act and the Listing Regulations.

g) "Insolvency Code" shall mean the Insolvency and Bankruptcy Code, 2016 and the rules and regulations framed thereunder, as amended from time to time.

h) "Material Subsidiary" means a Subsidiary of the Company, whose turnover or net worth exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

i) "Material Unlisted Indian Subsidiary" means a Material Subsidiary which is incorporated in India and is not listed on any recognized Indian stock exchange(s).

j) **"HR, Nomination and Remuneration Committee"** means the committee constituted by the Board of Directors of the Company in accordance with section 178 of the Act and Regulation 19 of the Listing Regulations.

k) **"Policy"** means this Policy for determining Material Subsidiaries, as amended from time to time.

l) **"Significant Transactions or Arrangements"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten per cent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year.

m) **"Subsidiary"** shall have the same meaning as assigned to it under section 2(87) of the Act.

3. Interpretation

The words and expressions used in this Policy unless defined herein shall have the meaning assigned to them in the Act, Listing Regulations and such other act, laws, rules or regulations along with any statutory modification(s) or re-enactment(s) thereof, as the case may be.

If due to any reason, any provisions(s)/ clause(s) of this Policy is rendered unlawful or unenforceable, then the Policy shall be read as excluding that provision(s)/ clause(s).

All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

4. **Criteria for determining the Material Subsidiaries**

A Subsidiary of the Company shall be regarded as a Material Subsidiary for the financial year if it falls under the definition provided in clause 2(h) of this Policy.

The Audit & Risk Management Committee of the Company shall review on an annual basis such details/ information as may be required to determine the 'Material Subsidiaries'.

5. **Governance of Subsidiaries**

On the recommendation of the HR, Nomination and Remuneration Committee of the Company, at least one Independent Director of the Company shall be appointed on the board of the unlisted material subsidiary, whether incorporated in India or not.
Explanation: For the purpose of this clause, notwithstanding anything to the contrary contained in clause 2(h), the term "material subsidiary" shall mean a Subsidiary whose income or net worth exceeds 20% (twenty per cent) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

The Audit & Risk Management Committee of the Company shall review the financial statements of each unlisted Subsidiary (including each Material Subsidiary), in particular, the investments made by such unlisted Subsidiary on a regular basis.

The minutes of the board meetings of each unlisted Subsidiary shall be placed at the meeting of the Board of the Company.

A statement of all Significant Transactions or Arrangements entered into by each unlisted Subsidiary shall be periodically placed before the Board of the Company.

6. **Disposal of shares or assets of Material Subsidiary**

Disposal of shares of a Material Subsidiary by the Company which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than 50% (fifty per cent) or cease the exercise of Control over such Subsidiary shall require prior approval of shareholders of the Company by way of a special resolution. The approval of shareholders shall not be required in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Selling, disposing and leasing of assets amounting to more than 20% (twenty per cent) of the assets of a Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of a special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/ Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

7. Secretarial Audit

The Company and its Material Unlisted Indian Subsidiaries shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.

8. Disclosures by the Company

This Policy shall be hosted on the website of the Company at www.industowers.com and the web link where the Policy is disclosed shall be provided in the annual report of the Company. Further, the audited financial statements of each Subsidiary of the Company, including Material Subsidiaries, in respect of a relevant financial year, shall also be uploaded on the website of the Company at least 21 (twenty one) days prior to the date of annual general meeting which has been called to inter alia consider the accounts of that financial year.

9. General Limitations

In the event of any conflict between this Policy and any regulatory provision(s), including without limitation the applicable provisions of the Act and the Listing Regulations, such regulatory provision(s) shall prevail over this Policy.

10. Amendment to the Policy

The Chief Financial Officer along with Company Secretary shall be jointly authorised to amend the Policy to give effect to any changes/ amendments notified by Ministry of Corporate Affairs or Securities and Exchange Board of India with respect to the Material Subsidiaries from time to time. Such amended

Policy shall be placed before the Board for noting and ratification in the next meeting held after the change/amendments have been effected.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure adequate governance of Material Subsidiaries. Any questions and clarifications relating to this Policy should be addressed to the Company Secretary of the Company at compliance.officer@industowers.com .